

APPENDIX DATED 24 MARCH 2020

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix is circulated to the Shareholders (as defined herein) of CSE Global Limited (“Company”), together with the Company’s annual report for the financial year ended 31 December 2019 (the “Annual Report”). The purpose of this Appendix is to provide information to the Shareholders in relation to, and seek Shareholders approval for the proposed renewal of (i) the general mandate for interested person transactions; and (ii) the share purchase mandate, to be table at the annual general meeting to be held on 16 April 2020 at Suntec Singapore Convention & Exhibition Centre, Room No 303 and 304 (Level 3), 1 Raffles Boulevard, Singapore 039593.

The Notice of AGM and the accompanying Proxy Form are enclosed with the Annual Report.

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix, the Annual Report and the enclosed documents to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Appendix.



**CSE GLOBAL LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198703851D)

**APPENDIX TO THE NOTICE OF AGM**

**in relation to**

- (i) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- (ii) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

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## CONTENTS

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	PAGE
DEFINITIONS .....	2
APPENDIX.....	6
1. INTRODUCTION.....	6
2. THE PROPOSED RENEWAL OF THE IPT MANDATE .....	6
3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.....	7
4. DIRECTORS' RECOMMENDATIONS.....	19
5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS .....	19
6. DIRECTORS' RESPONSIBILITY STATEMENT .....	20
7. INSPECTION OF DOCUMENTS.....	21
ANNEXURE A – IPT MANDATE .....	A-1

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## DEFINITIONS

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In this Appendix, the following definitions apply throughout unless otherwise stated:

<b>“2020 AGM”</b>	:	Has the meaning ascribed to it in Section 1.1(a) of this Appendix
<b>“2019 EGM”</b>	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
<b>“Appendix”</b>	:	This Appendix to the Notice (including Annexure A)
<b>“Appendix 2”</b>	:	Appendix 2 of the Take-over Code, as set out in Section 3.10 of this Appendix
<b>“AGM”</b>	:	An annual general meeting of the Company, as the context requires
<b>“Associate”</b>	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;</li></ul> (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“Audit and Risk Committee”</b>	:	The audit and risk committee of the Company for the time being
<b>“Board”</b>	:	The board of directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act”</b>	:	The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	CSE Global Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Controlling Shareholder”</b>	:	A person who:

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## DEFINITIONS

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	(a)	holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
	(b)	in fact exercises control over a company
<b>“CSE Performance Share Plan 2017”</b>	:	The Company’s share-based long term incentive plan, which was approved by Shareholders at the extraordinary general meeting held on 20 April 2017
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“Dato Karim”</b>	:	Dato’ Dr. Ir. Mohd Abdul Karim Bin Abdullah
<b>“EPS”</b>	:	Earnings per Share
<b>“Executive Directors”</b>	:	The executive directors of the Company for the time being, and <b>“Executive Director”</b> means any one of them
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December
<b>“Group”</b>	:	The Company, its subsidiaries and its associated companies
<b>“Independent Directors”</b>	:	The independent directors of the Company for the time being, and <b>“Independent Director”</b> means any one of them
<b>“Interested Persons”</b>	:	Interested persons of the Company who fall within the IPT Mandate, as described in Section 3 of Annexure A to this Appendix, and <b>“Interested Person”</b> means any one of them
<b>“Interested Person Transactions”</b>	:	All interested person transactions entered into by the Group with interested persons, including the Mandated Transactions, and <b>“Interested Person Transaction”</b> shall be construed accordingly
<b>“IPT Mandate”</b>	:	The general mandate given by Shareholders for Interested Person Transactions pursuant to Chapter 9 of the Listing Manual
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Appendix, being 6 March 2020
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST
<b>“Mandated Transactions”</b>	:	Interested Person Transactions conducted under the IPT Mandate as set out in Section 4 of Annexure A to this Appendix
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for securities trading
<b>“Notice”</b>	:	Has the meaning ascribed to it in Section 1.1(a) of this Appendix
<b>“NAV”</b>	:	Net asset value
<b>“NTA”</b>	:	Net tangible assets

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## DEFINITIONS

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<b>“Off-Market Share Purchase”</b>	:	A Share Purchase by the Company (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme (as defined under Section 76C of the Companies Act) for the purchase of Shares from the Shareholders
<b>“On-Market Share Purchase”</b>	:	A Share Purchase by the Company effected on the SGX-ST through ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose
<b>“Proposals”</b>	:	Has the meaning ascribed to it in Section 1.2 of this Appendix
<b>“Registrar”</b>	:	The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
<b>“Rule 14”</b>	:	Has the meaning ascribed to it in Section 3.10 of this Appendix
<b>“SDHB”</b>	:	Serba Dinamik Holdings Berhad
<b>“SDIL”</b>	:	Serba Dinamik International Ltd
<b>“Serba Dinamik Group”</b>	:	Has the meaning ascribed to it in Section 3 of Annexure A to this Appendix
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares
<b>“Share Purchase”</b>	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate
<b>“Share Purchase Mandate”</b>	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Listing Manual
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“subsidiary holdings”</b>	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest (direct or indirect) in 5% or more of the total issued Shares of the Company
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time

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## DEFINITIONS

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### Currencies, units and others

“S\$”	:	Singapore dollars
“%”	:	Per centum or percentage

The expressions “**subsidiaries**” and “**treasury shares**” shall have the meanings ascribed to them, respectively, in the Companies Act.

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**”, “**Depository Register**” and “**Sub-Account Holder**” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding.

Any reference in this Appendix to “**we**”, “**our**”, “**us**” or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

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## APPENDIX

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### CSE GLOBAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198703851D)

#### Directors:

Lim Ming Seong (Chairman and Non-Executive Director)  
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah (Deputy Chairman  
and Non-Executive, Non-Independent Director)  
Lim Boon Kheng (Chief Executive Officer and Executive Director)  
Sin Boon Ann (Independent Director)  
Lam Kwok Chong (Independent Director)  
Lee Kong Ting (Independent Director)  
Tan Hien Meng (Independent Director)  
Tan Chian Khong (Independent Director)  
Syed Nazim Bin Syed Faisal (Non-Executive, Non-Independent  
Director)

#### Registered Office:

50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

24 March 2020

To: The Shareholders of  
CSE Global Limited

Dear Sir/Madam

## 1. INTRODUCTION

### 1.1 Notice of AGM

We refer to:

- (a) the Notice of AGM of the Company dated 24 March 2020 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 December 2019, convening the AGM of the Company to be held on 16 April 2020 (the "**2020 AGM**");
- (b) Ordinary Resolution No. 8 relating to the proposed renewal of the IPT Mandate (as defined in Section 2.1 below, as proposed in the Notice); and
- (c) Ordinary Resolution No. 9 relating to the proposed renewal of the Share Purchase Mandate (as defined in Section 3.1 below, as proposed in the Notice).

### 1.2 Appendix

The purpose of this Appendix is to provide Shareholders with information relating to Ordinary Resolutions No. 8 and 9 proposed in the Notice (collectively, the "**Proposals**"). The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Appendix.

## 2. THE PROPOSED RENEWAL OF THE IPT MANDATE

### 2.1 Background

At the extraordinary meeting of the Company held on 18 April 2019 (the "**2019 EGM**"), Shareholders approved, *inter alia*, the adoption of a general mandate pursuant to Chapter 9 of the Listing Manual permitting companies within the Group, or any of them, to enter into the transactions set out in Section 4 of this Appendix, with the Interested Persons, provided that such transactions are on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders (the "**IPT Mandate**").

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## APPENDIX

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Particulars of the IPT Mandate were set out in the Company's circular to Shareholders dated 2 April 2019 (the "**2019 Circular**") and the IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2020 AGM.

The Directors propose that the IPT Mandate be renewed at the 2020 AGM to take effect until the next AGM of the Company. There is no change to the scope and terms of the IPT Mandate which is proposed to be renewed.

### 2.2 **Annexure A**

Details of the IPT Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in Annexure A to this Appendix.

### 2.3 **Audit and Risk Committee's Statement**

The Audit and Risk Committee, comprising Tan Chian Khong, Sin Boon Ann, Tan Hien Meng, Lee Kong Ting and Syed Nazim Bin Syed Faisal, confirms that:

- (a) the methods and procedures for determining the transaction prices under the IPT Mandate have not changed since the 2019 EGM; and
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Interested Person Transactions carried out under the IPT Mandate will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 3. **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

### 3.1 **Background**

At the 2019 EGM, Shareholders approved the renewal of a share purchase mandate to enable the Company to purchase or otherwise acquire its issued Shares as permitted under and in accordance with the provisions of the Companies Act ("**Share Purchase Mandate**").

The rationale for, the authority and limits on and the financial effects of the Share Purchase Mandate were set out in the 2019 Circular.

The Share Purchase Mandate will be expiring on 16 April 2020, being the date of the forthcoming 2020 AGM. Accordingly, the Directors propose that Shareholders' approval for the renewal of the Share Purchase Mandate be sought at the 2020 AGM.

### 3.2 **Rationale for the Share Purchase Mandate**

The Share Purchase Mandate would give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during its validity period. The Share Purchase Mandate will enable the Company to purchase Shares and hold them as treasury shares for the purposes of transferring to participants on vesting their awards under the CSE Performance Share Plan 2017.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Share Purchases would be made only as and when the Directors consider it to be in the best interests of the Company and in appropriate circumstances which the Directors believe will not result in any material adverse effect to the financial position of the Company or the



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## APPENDIX

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Group. The Directors will use their best efforts to ensure that after a Share Purchase, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

### 3.3 Authority and Limits on the Share Purchase Mandate

The authority and limits placed on the Share Purchases under the Share Purchase Mandate, if renewed at the 2020 AGM, are summarised below:

#### 3.3.1 Maximum number of Shares

- (a) Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 5% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the 2020 AGM at which approval for the renewal of the Share Purchase Mandate is being sought. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purpose of computing the 5% limit.
- (b) For illustrative purposes only, on the basis of 508,616,409 issued Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued or purchased by the Company on or before the date of the 2020 AGM, not more than 25,430,820 Shares (representing 5% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in Section 3.3.2 below.

#### 3.3.2 Duration of authority

- (a) Share Purchases may be made, at any time and from time to time, on and from the date of the AGM at which the proposed renewal of the Share Purchase Mandate is approved, up to:
  - (i) the date on which the next AGM is held or required by law to be held; or
  - (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,whichever is the earliest.
- (b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares, if renewed at the 2020 AGM, may be renewed at the next AGM.

#### 3.3.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:
  - (i) an On-Market Share Purchase; and/or
  - (ii) an Off-Market Share Purchase.
- (b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal

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## APPENDIX

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access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:

- (i) offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
  - (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
  - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
    - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
    - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
    - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:
- (i) the terms and conditions of the offer;
  - (ii) the period and procedures for acceptance;
  - (iii) the reasons for the proposed Share Purchase;
  - (iv) the consequences, if any, of the Share Purchase that will arise under the Take-over Code or other applicable take-over rules;
  - (v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;
  - (vi) details of any Share Purchases made by the Company during the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
  - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 3.3.4 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:
  - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
  - (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing

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## APPENDIX

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Price of the Shares,

(the “**Maximum Price**”), in either case, excluding related expenses of the Share Purchase.

For the above purposes, “**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days (“**Market Day**” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which the purchases are made.

### 3.4 Status of Purchased Shares

Under Section 76B of the Companies Act, any Share purchased or acquired by the Company shall be deemed cancelled immediately on such purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation) unless held as a treasury share. All Shares purchased by the Company, unless held as treasury shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares shall not at any time exceed 10% of the total number of issued Shares and the Company shall be entered in the Register of Members or the Depository Register, as the case may be, as the member holding those Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of treasury shares and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of the treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number, as the case may be, is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares (or any of them) for cash;

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## APPENDIX

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- (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for the Company's employees, directors or other persons;
- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Shares purchased under the Share Purchase Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 3.5 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall lodge with the Registrar a notice of Share Purchase within 30 days of such Share Purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the Companies Act, the Company shall lodge with the Registrar a notice of the cancellation or disposal of treasury shares with such particulars as may be required in the prescribed form.

### 3.6 Source of Funds

The Company may only apply funds for Share Purchases in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash and in the case of an On-Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds to finance its Share Purchases.

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## APPENDIX

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The Companies Act stipulates that Share Purchases may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced. The Companies Act further stipulates that a payment for such purchase of shares shall include any expenses (including brokerage or commission) incurred directly in the purchase.

### 3.7 Financial Effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

For illustrative purposes only, the financial effects on the Company and the Group arising from Share Purchases, based on the audited financial statements of the Company and the Group for FY2019 set out below are prepared based on the following assumptions:

- (a) the Share Purchases comprised 25,430,820 Shares (representing the maximum 5% allowed under the Share Purchase Mandate of the 508,616,409 issued Shares excluding treasury shares and subsidiary holdings, as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchases, based on a Maximum Price of S\$0.5618 (being 5% above the Average Closing Price prior to the Latest Practicable Date), the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases would amount to approximately S\$14,287,035;
- (c) in the case of Off-Market Share Purchases, based on a Maximum Price of S\$0.6420 (being 20% above the Average Closing Price prior to the Latest Practicable Date), the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S\$16,326,587;
- (d) the Share Purchases were made out of the Company's capital;
- (e) the Share Purchases took place on 1 January 2019 and the Shares purchased were (i) cancelled; or (ii) held as treasury shares; and
- (f) the Share Purchases were financed by internal source of funds of the Company.

**APPENDIX**

**(A) On-Market Share Purchases**

	Group			Company		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000
<b>As at 31 December 2019</b>						
Share capital	98,542	84,255	98,542	98,542	84,255	98,542
Other reserves	(9,644)	(9,644)	(9,644)	11,592	11,592	11,592
Retained earnings	91,478	91,478	91,478	45,066	45,066	45,066
Treasury Shares	(4,039)	(4,039)	(18,326)	(4,039)	(4,039)	(18,326)
	176,337	162,050	162,050	151,161	136,874	136,874
Non-controlling interests	(132)	(132)	(132)	-	-	-
Total Equity	176,205	161,918	161,918	151,161	136,874	136,874
Current assets	261,448	247,161	247,161	151,316	149,214	149,214
Current liabilities	(176,293)	(176,293)	(176,293)	(99,537)	(111,722)	(111,722)
Non-current assets	134,882	134,882	134,882	133,300	133,300	133,300
Non-current liabilities	(43,832)	(43,832)	(43,832)	(33,918)	(33,918)	(33,918)
Net Asset Value (NAV)	176,205	161,918	161,918	151,161	136,874	136,874
Total borrowings	103,140	103,140	103,140	103,140	103,140	103,140
Less: Cash and cash equivalents	56,838	44,351	44,351	2,102	-	-
Net debt / (cash) <sup>(1)</sup>	44,502	58,789	58,789	101,038	103,140	103,140
Profit after tax and non-controlling interests	24,054	24,054	24,054	52,239	52,239	52,239
Number of Shares outstanding as at 31 December 2019 ('000)	507,950	482,520	482,520	507,950	482,520	482,520
Weighted average number of Shares as at 31 December 2019						
- Basic ('000)	508,135	482,704	482,704	508,135	482,704	482,704
- Diluted ('000)	516,068	490,637	490,637	516,068	490,637	490,637
<b>Financial Ratios</b>						
NAV per share <sup>(2)</sup> (cents)	34.7	33.6	33.6	29.8	28.4	28.4
Gross debt gearing <sup>(3)</sup> (times)	0.6	0.6	0.6	0.7	0.8	0.8
Net debt/(cash) gearing <sup>(4)</sup> (times)	0.3	0.4	0.4	0.7	0.8	0.8
Current ratio <sup>(5)</sup> (times)	1.5	1.4	1.4	1.5	1.3	1.3
EPS <sup>(6)</sup> (cents)						
- Basic	4.73	4.98	4.98	10.28	10.82	10.82
- Diluted	4.66	4.90	4.90	10.12	10.65	10.65

**Notes:**

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2019.

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## APPENDIX

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- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt / (cash) ratio" represents net debt / (cash) divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2019.

**APPENDIX**

**(B) Off-Market Share Purchases**

	Group			Company		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000
<b>As at 31 December 2019</b>						
Share capital	98,542	82,215	98,542	98,542	82,215	98,542
Other reserves	(9,644)	(9,644)	(9,644)	11,592	11,592	11,592
Retained earnings	91,478	91,478	91,478	45,066	45,066	45,066
Treasury Shares	(4,039)	(4,039)	(20,366)	(4,039)	(4,039)	(20,366)
	176,337	160,010	160,010	151,161	134,834	134,834
Non-controlling interests	(132)	(132)	(132)	-	-	-
Total Equity	176,205	159,878	159,878	151,161	134,834	134,834
Current assets	261,448	245,121	245,121	151,316	149,214	149,214
Current liabilities	(176,293)	(176,293)	(176,293)	(99,537)	(113,762)	(113,762)
Non-current assets	134,882	134,882	134,882	133,300	133,300	133,300
Non-current liabilities	(43,832)	(43,832)	(43,832)	(33,918)	(33,918)	(33,918)
Net Asset Value (NAV)	176,205	158,878	159,878	151,161	134,834	134,834
Total borrowings	103,140	103,140	103,140	103,140	103,140	103,140
Less: Cash and cash equivalents	58,638	42,311	42,311	2,102	-	-
Net debt/(cash) <sup>(1)</sup>	44,502	60,829	60,829	101,038	103,140	103,140
Profit after tax and non-controlling interests	24,054	24,054	24,054	52,239	52,239	52,239
Number of Shares outstanding as at 31 December 2019 ('000)	507,950	482,520	482,520	507,950	482,520	482,520
Weighted average number of Shares as at 31 December 2019						
- Basic ('000)	508,135	482,704	482,704	508,135	482,704	482,704
- Diluted ('000)	516,068	490,637	490,637	516,068	490,637	490,637
<b>Financial Ratios</b>						
NAV per share <sup>(2)</sup> (cents)	34.7	33.2	33.2	29.8	27.9	27.9
Gross debt gearing <sup>(3)</sup> (times)	0.6	0.6	0.6	0.7	0.8	0.8
Net debt/(cash) gearing <sup>(4)</sup> (times)	0.3	0.4	0.4	0.7	0.8	0.8
Current ratio <sup>(5)</sup> (times)	1.5	1.4	1.4	1.5	1.3	1.3
EPS <sup>(6)</sup> (cents)						
- Basic	4.73	4.98	4.98	10.28	10.82	10.82
- Diluted	4.66	4.90	4.90	10.12	10.65	10.65



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## APPENDIX

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### Notes:

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2019.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) Net debt/ (cash) ratio" represents net debt / (cash) divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2019.

**The financial effects set out above are purely for illustrative purposes only. Although the Share Purchase Mandate if renewed would authorise the Company to purchase or acquire up to 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be in a position to purchase or acquire 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in full. In particular, the Directors do not intend to exercise the Share Purchase Mandate up to the maximum limit or to such an extent where such exercise would materially and adversely affect the financial position of the Group. In addition, the Company may (i) cancel all or part of the Shares repurchased; or (ii) hold all or part of the Shares repurchased in treasury.**

### 3.8 Tax Implications arising from Share Purchases

Shareholders who are in doubt as to their respective tax positions or any tax implications of Share Purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

### 3.9 Listing Manual provisions relating to Share Purchases

The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9.00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase any Shares during the period commencing 2 weeks before the announcement of the Company's financial statements for each of the first, second and third quarters of its financial year, and one month before the announcement of the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the associates of such persons. Based on the Registers of Directors' Shareholdings

maintained by the Company and its subsidiaries and the Register of Substantial Shareholders maintained by the Company and the information received by the Company as at the Latest Practicable Date, there are 314,146,360 Shares held by public Shareholders, representing approximately 61.76% of the total number of issued Shares (excluding treasury shares). Assuming the Company exercises the Share Purchase Mandate in full and purchases 5% of the total number of issued Shares excluding treasury shares and subsidiary holdings through On-Market Share Purchases from the public, the number of Shares in the hands of the public would be reduced to 288,715,540 Shares, representing approximately 59.75% of the total number of issued Shares excluding treasury shares. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 5% limit pursuant to the Share Purchase Mandate without affecting the orderly status and/or listing status of the Shares on the SGX-ST. While the Share Purchase Mandate would authorise Share Purchases up to a maximum of 5% limit, Shareholders should note that Share Purchases may not be carried out up to the full 5% limit as authorised, or at all.

In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 3.10 Take-over Code implications arising from Share Purchases

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased by the Company and the Company’s total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, “persons acting in concert” or “concert parties” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert with one another, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code (“**Appendix 2**”).

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company’s voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

## APPENDIX

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders and their concert parties will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of 6 months.

If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by the Shareholders at the 2020 AGM, the Company will promptly inform the Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum 5% of the total number of issued Shares (excluding treasury shares), and (ii) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:

	← Before Share Purchases → (No. of Shares)			Before Share Purchases %(1)	After Share Purchases %(2)
	Direct Interest	Deemed Interest	Total Interest		
<b>Directors</b>					
Lim Ming Seong	100,000	3,150,000	3,250,000	0.64	0.67
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	-	128,166,250	128,166,250	25.20	26.53
Lim Boon Kheng	5,270,658	4,172,500	9,443,158	1.86	1.95
Sin Boon Ann	-	-	-	-	-
Lam Kwok Chong	-	-	-	-	-
Lee Kong Ting	-	-	-	-	-
Tan Hien Meng	-	-	-	-	-
Tan Chian Khong	-	50,000	50,000	0.01	0.01
Syed Nazim Bin Syed Faisal	-	-	-	-	-
<b>Substantial Shareholders</b>					
Serba Dinamik International Ltd	128,166,250	-	128,166,250	25.20	26.53

## APPENDIX

	← Before Share Purchases → (No. of Shares)			Before Share Purchases	After Share Purchases
	Direct Interest	Deemed Interest	Total Interest	%(1)	%(2)
Serba Dinamik Holdings Berhad	-	128,166,250	128,166,250	25.20	26.53
Fidelity Puritan Trust	42,383,700	-	42,383,700	8.33	8.77
Fidelity Management & Research Company	-	50,984,200	50,984,200	10.02	10.55
FMR LLC	-	50,984,200	50,894,200	10.02	10.55

### Notes:

- (1) As a percentage of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, comprising 508,616,409 Shares.
- (2) As a percentage of the total number of issued Shares (excluding treasury shares) comprising 483,185,589 Shares (assuming that the Company purchases the maximum number of 25,430,820 Shares under the Share Purchase Mandate).

Based on the shareholdings of the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date, none of the Directors or Substantial Shareholders will become obligated to make a mandatory offer by reason only of the purchase or acquisition of the maximum number of 25,430,820 Shares pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to purchase or acquire Shares pursuant to the Share Purchase Mandate.

**Shareholders are advised to consult their professional advisers and/or The Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Purchases by the Company.**

### 3.11 Details of Share Purchases during the previous 12 months

The Company purchased a total of 4,000,000 Shares as at the Latest Practicable Date. The Shares were purchased by way of On-Market Share Purchases at prices ranging from S\$0.520 to S\$0.540 per price, and the total consideration for all purchases was S\$2,130,550 (including transaction costs).

## 4. DIRECTORS' RECOMMENDATIONS

Having considered the terms and conditions of, as well as the rationale for, the proposed renewal of the IPT Mandate, the Directors (save for Dato Karim and Syed Nazim Bin Syed Faisal, who are interested in the Mandated Transactions as described in Section 4 of Annexure A to this Appendix, and refrain from making any recommendations) are of the view that the renewal of the IPT Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution 8 at the 2020 AGM.

Having considered the rationale for the renewal of the Share Purchase Mandate, the Directors are of the opinion that the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution 9 at the 2020 AGM.

## 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

## APPENDIX

- 5.1 **Interests of Directors and Substantial Shareholders in issued Shares.** As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in issued voting Shares, are as follows:

	Direct Interest		Deemed Interest		Total
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	% <sup>(1)</sup>
<b><u>Directors</u></b>					
Lim Ming Seong	100,000	0.02	3,150,000	0.62	0.64
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	–	–	128,166,250	25.20	25.20
Lim Boon Kheng	5,270,658	1.04	4,172,500	0.82	1.86
Sin Boon Ann	–	–	–	–	–
Lam Kwok Chong	–	–	–	–	–
Lee Kong Ting	–	–	–	–	–
Tan Hien Meng	–	–	–	–	–
Tan Chian Khong	–	–	50,000	0.01	0.01
Syed Nazim Bin Syed Faisal	–	–	–	–	–
<b><u>Substantial Shareholders (other than Directors)</u></b>					
Serba Dinamik International Ltd	128,166,250	25.20	–	–	25.20
Serba Dinamik Holdings Berhad	–	–	128,166,250	25.20	25.20
Fidelity Puritan Trust	42,383,700	8.33	–	–	8.33
Fidelity Management & Research Company	–	–	50,984,200	10.02	10.02
FMR LLC	–	–	50,984,200	10.02	10.02

**Note:**

- (1) The shareholding interest is calculated based on the total issued and paid-up share capital of the Company comprising 508,616,409 Shares (excluding treasury shares) as at the Latest Practicable Date.

- 5.2 **Abstention from voting.** Shareholders who are interested or deemed interested in the proposed renewal of the IPT Mandate should abstain from voting on the ordinary resolution relating thereto to be proposed at the 2020 AGM and should not accept nominations as proxies or otherwise for voting at the 2020 AGM in respect of the aforesaid resolution unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the resolution.

In accordance with the requirements of Chapter 9 of the Listing Manual, SDIL, Dato Karim and Syed Nazim Bin Syed Faisal will abstain, and will ensure that their Associates will abstain, from voting on Ordinary Resolution 8 at the 2020 AGM and shall not accept nominations as proxies in relation to such resolution unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the resolution.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

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## APPENDIX

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The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposals, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

### 7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date hereof up to and including the date of the 2020 AGM:

- (i) the Constitution of the Company;
- (ii) the annual report of the Company for FY2019; and
- (iii) the 2019 Circular.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**CSE Global Limited**

Lim Ming Seong  
Chairman and Non-Executive Director  
24 March 2020

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## ANNEXURE A – IPT MANDATE

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### 1. Chapter 9 of the Listing Manual

1.1 Under Chapter 9 of the Listing Manual, a listed company may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, but not in respect of transactions relating to the purchase or sale of assets, undertakings or businesses. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of interested persons, provided such interested person transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. A general mandate granted by shareholders is subject to annual renewal.

1.2 For the purpose of Chapter 9 of the Listing Manual:

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (b) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) a “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
- (e) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (f) an “**entity at risk**” means (i) a listed company; (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (g) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder; and
- (h) an “**interested person transaction**” means a transaction between an entity at risk and an interested person, and a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly.

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## ANNEXURE A – IPT MANDATE

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### 1.3 Financial thresholds

Under Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited NTA; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed group's latest audited NTA.

In addition to an immediate announcement, shareholders' approval is required where:

- (i) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited NTA; or
- (ii) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited NTA. A transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Pursuant to Rules 905, 906, 915 and 916 of the Listing Manual, the abovementioned requirements for immediate announcement and/or shareholders' approval do not apply to any transaction below S\$100,000 and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence excluded from the ambit of Chapter 9 of the Listing Manual.

Based on the Group's latest audited accounts for FY2019, the Group's latest audited NTA as at 31 December 2019 was approximately S\$117,483,516.

## 2. **Information on the Company and the Group**

The Company is incorporated in Singapore and listed on the Mainboard of the SGX-ST. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$98,542,324 comprising 508,616,409 ordinary shares (excluding treasury shares). The principal activities of the Group relate to the provision of automation and communication and security solutions and services targeting the oil and gas, infrastructure, and mining industries.

## 3. **Names of Interested Persons**

Pursuant to the new Rule 920(1)(b)(i) which took effect from 7 February 2020, unless the SGX-ST requires otherwise, the IPT Mandate must include the names of the interested persons with whom the entity at risk will be transacting. Accordingly, the IPT Mandate applies to the Mandated Transactions that may be carried out with the following interested persons which fall within the class of interested persons in the IPT Mandate approved by Shareholders in the 2019 Circular:

- (a) Serba Dinamik Holdings Berhad (“**SDHB**”);
- (b) Serba Dinamik International Ltd (“**SDIL**”);
- (c) SD Advance Engineering Sdn Bhd;
- (d) Serba Dinamik Power Sdn Bhd



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## ANNEXURE A – IPT MANDATE

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- (e) SD Development Sdn Bhd;
  - (f) KB Engineering Coating Sdn Bhd;
  - (g) Serba Dinamik Sdn Bhd;
  - (h) Serba Dinamik RMC FZE;
  - (i) Serba Dinamik IT Solutions Sdn Bhd;
  - (j) SD Controls Sdn Bhd;
  - (k) AR Global Engineering Sdn Bhd;
  - (l) Serba Dinamik (Brunei) Sdn Bhd;
  - (m) PT Serba Dinamik Indonesia;
  - (n) EMCO Holdings SA;
  - (o) SD Sukuk International Ltd;
  - (p) Serba Dinamik Petroleum Services WLL (Bahrain);
  - (q) PT Kubic Gasco;
  - (r) Psicon AVV;
  - (s) Sreem Serba Turbines PVT Ltd;
  - (t) Al Sagar Engineering;
  - (u) Serba Dinamik International (Qatar); and
  - (v) Serba Dinamik International (London) Ltd,
- (collectively, the “**Interested Persons**”).

SDHB was incorporated in Malaysia in 2015 as the investment holding company of the Serba Dinamik group of companies (collectively, the “**Serba Dinamik Group**”) which was founded in 1993. SDHB is currently listed on the Kuala Lumpur Stock Exchange. The Serba Dinamik Group provides engineering services and solutions ranging from operation and maintenance, engineering, procurement, construction and commissioning and other supporting products and services. The Serba Dinamik Group provides its engineering services and solutions for oil and gas production platforms, crude oil and gas refineries, petrochemical manufacturing plants, liquefied natural gas plants, power production plants, and water and utilities plants.

As at the Latest Practicable Date, SDIL holds 128,166,250 Shares, representing approximately 25.20% in the issued and paid-up capital (excluding treasury shares) of the Company. SDIL is wholly-owned by SDHB. Accordingly, SDHB is deemed to be a Controlling Shareholder of the Company and has a total interest, both direct and deemed, of approximately 25.20% in the issued and paid-up capital (excluding treasury Shares) of the Company.

Dato’ Dr. Ir. Mohd Abdul Karim Bin Abdullah (“**Dato Karim**”) is our Deputy Chairman and Non-Executive, Non-Independent Director, and is entitled to control not less than 20% of the issued ordinary shares in SDHB. Accordingly, as at the Latest Practicable Date, Dato Karim has a total interest, both direct and deemed, of approximately 25.20% in the issued and paid-up capital (excluding treasury shares) of the Company. Dato Karim is also the Group Chief Executive Officer of SDHB.

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## ANNEXURE A – IPT MANDATE

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Syed Nazim Bin Syed Faisal is our Non-Executive and Non-Independent Director and is also the Group Chief Financial Officer of SDHB. He holds approximately 0.03% of the issued ordinary shares in SDHB.

For the avoidance of doubt, the IPT Mandate will not apply to transactions with Dato Karim and/or Syed Nazim Bin Syed Faisal.

### 4. Categories of Interested Person Transactions

The categories of Interested Person Transactions which will be covered by the IPT Mandate (collectively, the “**Mandated Transactions**”) are:

- (a) the supply and provision of automation, communication and security equipment and solutions and services by the Group to the Interested Persons;
- (b) the purchase of third party automation, communication and security equipment by the Group from the Interested Persons;
- (c) commission payments by the Group to the Interested Persons for project orders referred to the Group by an Interested Person which add to the business volume of the Group and benefit the Group commercially; and
- (d) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (a) and (b) above.

The IPT Mandate will not cover any Interested Person Transaction which has a value below S\$100,000 as, pursuant to Rules 905(3) and 906(2) of the Listing Manual, the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

### 5. The Rationale and Benefit of the IPT Mandate

The Group expects that the transactions with the Interested Persons set out in Section 3 of this Annexure A are to be entered into by the Group in the ordinary course of business. These are recurring transactions which are likely to occur with some degree of frequency and may arise at any time, and from time to time. Such transactions with the Interested Persons as customers of the Group will provide additional revenue to the Group and enhance its profitability. Transactions with the Interested Persons as suppliers of the Group will allow the Group to benefit from bulk purchase discounts that may be available to the Interested Persons but not to the Group.

Owing to the time-sensitive nature of commercial transactions, the renewal of the IPT Mandate will enable the Group, in the ordinary course of its business, to enter into the Mandated Transactions set out in Section 4 of this Annexure A with the list of Interested Persons set out in Section 3 of this Annexure A, provided such transactions are entered into on an arm’s length basis and on normal commercial terms, and are not prejudicial to the Company and its minority Shareholders. This will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders’ approval for each separate Interested Person Transaction to be entered into between the Group and the Interested Persons of a revenue or trading nature or those necessary for its day-to-day operations, thereby substantially reducing the time and expenses associated with the convening of such general meetings. This will also allow the Company to focus on other corporate and business opportunities.

### 6. Guidelines and Review Procedures for Mandated Transactions under the IPT Mandate

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## ANNEXURE A – IPT MANDATE

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The Group will establish the following guidelines and review procedures pursuant to the IPT Mandate to ensure that the Mandated Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to or by unrelated third parties:

(a) Sale of products and services by the Group

In determining whether the prices, fees and terms offered to the Interested Persons are fair and reasonable and comparable to those offered to unrelated third party customers, all Interested Person Transactions will be carried out at the prevailing market prices or fees charged by the Group for the same or substantially similar type of products or services, and on terms which shall be no more favourable than the usual commercial terms extended to at least two (2) unrelated third party customers, or otherwise in accordance with the Group's usual business practices and pricing policies, taking into consideration relevant factors including, but not limited to, the profit margins, prices, fees and terms of two other recent successful transactions of the same or substantially similar type of products or services with unrelated third party customers (if available), customer requirements and specifications, complexity and resources required for the services provided, creditworthiness, size and order quantity, preferential rates or discounts, duration of contracts and delivery schedules.

In the event that comparable prevailing market prices or fees are not available, a director of the entity within the Group that is entering into the transaction with the Interested Person (being the entity at risk in such transaction) (or the finance manager of such Group entity) who has no interest, whether direct or indirect, in the transaction will (i) determine whether the prices, fees and terms of the products or services charged by the Group are fair and reasonable and in accordance with the Group's usual business practices and pricing policies, and (ii) evaluate and weigh the benefits of, and rationale for, transacting with the Interested Persons, taking into consideration relevant factors including, but not limited to, customer requirements and specifications, complexity and resources required for the services provided, creditworthiness, size and order quantity, preferential rates or discounts, duration of contracts and delivery schedules.

(b) Purchase of products and services from the Interested Persons

In determining whether the prices, fees and terms offered by the Interested Persons are fair and reasonable and comparable to those offered by unrelated third party vendors or suppliers to the Group, the relevant company of the Group will obtain at least two (2) other quotations from unrelated third party vendors or suppliers for the same or substantially similar type of products or services, contemporaneously in time, as bases for comparison. The prices, fees and terms offered by the Interested Persons shall be no less favourable than those extended by the unrelated third party vendors or suppliers to the Group, taking into consideration relevant factors including, but not limited to, track record, reputation, preferential rates or discounts, specifications, availability of site equipment, machinery, accessories, spare parts and materials, delivery schedules and credit terms.

In the event that it is impracticable or not possible to obtain comparable quotations of contemporaneous transactions of the same or substantially similar type of products or services from at least two other unrelated third party vendors or suppliers, a director of the entity within the Group that is entering into the transaction with the Interested Person (being the entity at risk in such transaction) (or the finance manager of such Group entity) who has no interest, whether direct or indirect, in the transaction will (i) determine if the prices, fees and terms of the products or services offered by the Interested Persons are fair and reasonable and in accordance with general industry practice, and (ii) evaluate and weigh the benefits of, and rationale for, transacting with the Interested Persons, taking into consideration relevant factors including, but not limited to, track record, reputation, preferential rates or discounts, specifications,

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## ANNEXURE A – IPT MANDATE

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availability of machinery, site equipment, accessories, spare parts and materials, delivery schedules and credit terms.

(c) Referral commissions

The Group has previously, in its ordinary course of business, accepted referrals from and paid referral commissions to unrelated third parties. The Group has not previously paid referral commissions to Interested Persons. Given the network that the Interested Persons have established in similar industries, the Interested Persons may also, in their normal course of business, refer customers to the Group, and the Group may accept referrals for project orders which add to the volume of its business and benefit the Group commercially. The Group intends to accept referrals from both third parties and Interested Persons so long as it is in the commercial interest of the Group to do so. Where such referrals are made, the Group may pay referral commissions at a mutually agreed rate based on either a percentage of the revenue achieved from the project order, or a percentage of the project order amount based on the gross margin achieved, which is in line with current business practices of the industry for the payment of such referral commissions.

Any referral commission payments made would be negotiated on a willing buyer and willing seller basis and on terms which shall be no less favourable to the Group than those extended by unrelated third parties for similar processes and which are in line with business practices of the industry taking into consideration factors such as profitability of the transaction and market conditions. The relevant terms and rates of such referral commissions will be assessed taking into consideration the terms and rates of referral commissions previously paid to unrelated third parties and staff of the Group for past referrals. Additionally, the gross margins (net of referral commission) for project orders for which referral commission are payable should be in line with the current gross margins achieved by the Group for at least two (2) similar project orders.

The Group's Chief Executive Officer and/or Chief Financial Officer will propose, and the Audit and Risk Committee will review and approve, all referral commission payments taking into consideration the above factors as well as relevant documents such as the memoranda of understanding (if any), sales orders and gross margins in cost accounting reports to ensure that such referral commission payments are in respect of genuine referrals from the Interested Persons and that the interests of the Company and its minority shareholders are not disadvantaged. Any subsequent revision to the referral commissions will be reviewed by the Audit and Risk Committee and approved by the Board. If any of the Group's Chief Executive Officer or Chief Financial Officer or member of the Board or the Audit and Risk Committee has an interest in the referral commission payments to be proposed, reviewed or approved, he will abstain from any proposal or decision in respect of such referral commission payments.

### 6.1 Approval Process

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures for the Mandated Transactions set out in paragraphs (a) – (d) of Section 4 of this Annexure A to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms:

- (a) each Category 1 Transaction (being a transaction where the value thereof equals or exceeds S\$100,000 but is less than or equal to 3% of the Group's latest audited NTA) will be reviewed and approved by an Executive Director of the Group or any such persons as may be appointed by the Audit and Risk Committee (who shall not be an Interested Person in respect of the particular transaction) prior to entering into the transaction. Where Category 1 Transactions are of a similar nature or category, such Category 1 Transactions will be aggregated, and where the value of such aggregated transactions exceeds 3% of the Group's latest audited NTA, any subsequent Category

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## ANNEXURE A – IPT MANDATE

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- 1 Transaction of a similar nature or category entered into with the same interested person during the same financial year will be reviewed and approved by the Audit and Risk Committee prior to entering into the transaction;
- (b) each Category 2 Transaction (being a transaction where the value thereof exceeds 3% of the Group's latest audited NTA) will be reviewed and approved by the Audit and Risk Committee prior to entering into the transaction; and
- (c) all referral commission payments will be reviewed and approved by the Audit and Risk Committee prior to entering into the transaction.

The threshold limits set out above are adopted by the Group after taking into consideration the nature and size of the transactions, so as to provide for business efficiency and at the same time ensure that material transactions with the Interested Persons are reviewed by the Audit and Risk Committee. If any member of the Board or the Audit and Risk Committee has an interest in the transaction to be reviewed, he will abstain from any decision in respect of that transaction.

### 6.2 General Administrative Procedures

The Group has also implemented the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions:

- (a) The Company will maintain a list of Interested Persons (which is to be updated immediately if there are any changes or at least quarterly) and will disclose the list to all employees within the Group to enable identification of Interested Persons. This master list of Interested Persons shall be reviewed on a quarterly basis by the Audit and Risk Committee.
- (b) The Chief Financial Officer will maintain a register of all transactions, including transactions below S\$100,000, entered into with Interested Persons, recording the basis on which transactions are entered into (including the quotations obtained to support such basis on which the transactions are entered into). This register of transactions will be reviewed by the Audit and Risk Committee at least on a quarterly basis.
- (c) The Group will also carry out an internal audit of all Interested Person Transactions on a periodic basis and the Internal Auditors of the Company will then report to the Chairman of the Audit and Risk Committee on all Interested Person Transactions, and the basis of such transactions, entered into with Interested Persons. The internal audit report will be reviewed by the Audit and Risk Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with.
- (d) In conjunction with the internal audit of all Interested Person Transactions as set out in paragraph (c) above, the Audit and Risk Committee will also review on a quarterly basis the internal controls and review procedures for Interested Person Transactions to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Company and the Interested Persons are conducted on an arm's length basis, on normal commercial terms consistent with the Company's usual business practices and policies and not prejudicial to the interests of the Company and its minority shareholders. In connection with such review, the Audit and Risk Committee will also ascertain whether the established internal controls and review procedures have been complied with.

Further, if during these periodic reviews, the Audit and Risk Committee is of the view that the guidelines and review procedures are not sufficient to ensure that transactions under the IPT Mandate will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify

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## ANNEXURE A – IPT MANDATE

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or implement such procedures as may be necessary, and the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons.

For the purpose of the above review and approval process, any Director or a member of the Audit and Risk Committee, who has an interest in the Interested Person Transaction under review, will abstain from voting on any resolution relating to the Interested Person Transaction and/or abstain from participating in the Audit and Risk Committee's review or approval of that Interested Person Transaction.

### **7. Renewal of the IPT Mandate**

If approved by Shareholders at the 2020 AGM, the IPT Mandate will take effect from the date of the passing of the resolutions relating thereto, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM. Thereafter, approval from Shareholders for the renewal of the IPT Mandate will be sought at each subsequent AGM in accordance with the requirements of the Listing Manual. Dato Karim, Syed Nazim Bin Syed Faisal and their respective associates, will abstain from voting on such resolutions in respect of the renewal of the IPT Mandate. Furthermore, Dato Karim, Syed Nazim Bin Syed Faisal and their respective associates shall not act as proxies in relation to such resolutions unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for those resolutions.

Pursuant to Rule 920(1)(c) of the Listing Manual, an independent financial adviser's opinion will not be required for the renewal of the IPT Mandate if the Audit and Risk Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since last Shareholders' approval; and
- (b) the methods or procedures in paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### **8. Disclosure to Shareholders**

The Company will announce the aggregate value of Mandated Transactions conducted pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will also be made in the Company's annual report of the aggregate value of all Mandated Transactions conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force, in accordance with the requirements of the Listing Manual.

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